

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2021-43-G - ORDER NO. 2021-245

APRIL 6, 2021

IN RE:	Application of Piedmont Natural Gas Company, Incorporated for) ORDER GRANTING AUTHORITY
	Authorization to Flow-Through) TO FLOW-THROUGH
	Alternative Fuel Tax Credits to) ALTERNATIVE FUEL TAX
	Compressed Natural Gas (CNG)) CREDITS TO COMPRESSED
	Retail Sales Customers) NATURAL GAS RETAIL SALES
) CUSTOMERS

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the February 5, 2021, request by Piedmont Natural Gas Company, Inc. (“Piedmont”) for authorization from the Commission for the flow-through of certain Alternative Motor Vehicle Fuel Excise Tax Credits. These Alternative Motor Fuel Excise Tax Credits are for Piedmont’s customers receiving compressed natural gas (“CNG”) through a reduction in rates applicable to service under its Rate Schedule 242, and for certain special contract fleet fueling agreements for the remainder of calendar year 2021. The purpose of this request is, generally, to encourage the use of Compressed Natural Gas and help alleviate the excise tax.

Pursuant to its Commission-approved Rate Schedule 242 and Commission-approved special contract fleet fueling agreements, Piedmont offers CNG for sale to the public for use as a motor fuel at several locations within its South Carolina service territory. Sales of CNG at these facilities are conducted solely by credit card, and payment by customers is made at the time of sale. The CNG sold at these stations is delivered directly into the fuel tanks of the CNG vehicles involved in the sale, including

a large number of fleet-type vehicles.

Pursuant to Section 4041 of the Internal Revenue Code, 26 U.S.C. § 4041, all retail sales of CNG for use as an alternative motor vehicle fuel are subject to an excise tax in the amount of \$0.183 per gallon of gasoline equivalent. Under Internal Revenue Service (“IRS”) regulations, Piedmont is responsible for collecting this tax from its CNG customers at the time of sale and remitting such taxes to the IRS.

On February 18, 2020, in Docket No. 2020-66-G, Piedmont filed an Application seeking authorization to flow-through certain alternative motor vehicle fuel excise tax credits in effect at that time to its customers receiving CNG service through a temporary reduction in rates applicable to service under its Rate Schedule 242 and Commission-approved special contract fleet fueling agreements for the remainder of calendar year 2020 (“2020 Petition”). The Company’s request in its 2020 Petition was similar to the Company’s current request. The authority granted to the Company expired on December 31, 2020.

Pursuant to Public Law 116-260 (2020) and Section 6426 of the Internal Revenue Code, 26 U.S.C. § 6426, Congress recently extended a tax credit for all CNG sold at retail as an alternative motor vehicle fuel after December 31, 2020 through December 31, 2021. This credit is an offset, but does not replace or eliminate the excise tax obligations under Section 4041. The amount of the extended tax credit is \$0.50 per gallon of gasoline equivalent. Because this offset occurs in the form of a tax credit, the benefit will flow to Piedmont as the eligible taxpayer in the form of reduced tax obligations to the federal government if no further action is taken.

Piedmont prefers that the credit generated as a result of sales to CNG customers

be allocated to the customers who are paying the alternative motor vehicle fuel excise tax and who, in Piedmont's judgment, should more properly receive the benefit of the credit. Piedmont's reasoning is that (i) the credit acts, in part, to offset specific excise tax liability for CNG motor fuel sales which is currently paid by Piedmont's CNG sales customers, and (ii) the credit is intended to encourage the use of CNG as an alternative motor vehicle fuel. Passing through this credit to Piedmont's CNG customers, as proposed, will serve both of these purposes.

Piedmont's proposed temporary rate decrease is consistent with the cost causation accounting principles and allows Piedmont to allocate the credit to the customers purchasing Compressed Natural Gas from Piedmont. Piedmont plans to begin the flow-through of these credits on March 1, 2021, and to continue these credits for the remainder of the 2021 calendar year as a reduction in rates applicable to service under the utility's Rate Schedule 242 and certain special contract fleet fueling agreements.

Piedmont advises that it is unable to retroactively apply this flow-through credit to retail customers making a purchase of Compressed Natural Gas prior to March 1, 2021, in calendar year 2021. There is limited transaction information available in these purchases. The Office of Regulatory Staff ("ORS") has reviewed Piedmont's request and recommends,

"The Company's proposed temporary decrement is the same as that proposed by the Company in Docket No. 2020-66-G and approved by the Commission in Order No. 2020-180. ORS supports Piedmont's proposed temporary decrement to its CNG rates under Rate Schedule 242 and under its Commission-approved special contract fleet fueling agreements.

Additionally, ORS supports the Company's request that the Commission approve the proposed effective date of this decrement of March 1, 2021."

The Commission finds the request of Piedmont to be reasonable and in the public interest. The Commission notes that granting the request is consistent with the Commission action taken in the prior year for the same type of federal tax incentive in Order No. 2020-180 issued on March 4, 2020, wherein the Commission approved Piedmont's 2020 Petition and authorized a temporary rate decrement to flow-through excise tax credits associated with the retail sale of CNG for motor fuel purposes under Piedmont's Rate Schedule 242 and Commission-approved special contract fleet fueling agreements through December 31, 2020.

IT IS THEREFORE ORDERED:

1. The Application of Piedmont Natural Gas Company, Inc. for Authorization to Flow-Through Alternative Fuel Tax Credits to Compressed Natural Gas (CNG) Retail Sales Customers is granted as requested.

2. Piedmont Natural Gas Company, Inc. is hereby authorized to implement the proposed decrement into its Rates and Charges as illustrated in Exhibit B to its filing (attached hereto as Order Exhibit 1).

3. The authorization granted to include and implement a decrement to reflect the flow-through of tax credits will expire December 31, 2021.

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Justin T. Williams, Chairman
Public Service Commission of
South Carolina

SOUTH CAROLINA RATES AND CHARGES

Residential and Commercial

Residential Service - Rate 201

Monthly Charge		Rate Per Therm	
November - March	\$ 10.00	November - March	\$ 0.84579
April - October	\$ 8.00	April - October	\$ 0.78915

Small General Service - Rate 202

Monthly Charge	\$ 22.00	Rate Per Therm	
		November - March	\$ 0.71934
		April - October	\$ 0.70555

Medium General Service - Rate 252

Monthly Charge	\$ 75.00	Rate Per Therm	
		November - March	\$ 0.69355
		April - October	\$ 0.67976

Natural Gas Vehicle Fuel Service - Rate 242

Rate Per Therm		Rate Per GGE **
November - March	\$ 0.18141	\$ 0.22858 **
April - October	\$ 0.18141	\$ 0.22858 **

Compression Charge of \$0.50 per therm (maximum)

Experimental Motor Vehicle Fuel Service - Rate 243

Monthly Charge depends on the customer-specific corresponding Rate Schedule
Rate Per Therm depends on the customer-specific corresponding Rate Schedule
Compression Charge, if applicable, is \$0.50 per therm (maximum)

Outdoor Gaslight Service - Rate 205

Monthly Charge	\$ 15.00
----------------	----------

** The Company may bill in units of Gasoline Gallon Equivalent ("GGE") for gas service provided at the Company's Premises under Rate 242. The rates above convert 1.26 Therms to 1 GGE.

Docket No. 2021-__-G
Order No. 2021-__

Directive Issued:
Effective: March 1, 2021

SOUTH CAROLINA RATES AND CHARGES

Industrial

Large General Sales Service - Rate 203

Monthly Charge				\$	250.00
Demand Charge (monthly per peak day therm usage)				\$	1.12500
Rate Per Therm					
	<u>November - March</u>			<u>April - October</u>	
First 15,000	\$	0.44923		First 15,000	\$ 0.37495
Next 15,000	\$	0.37952		Next 15,000	\$ 0.32382
Next 75,000	\$	0.33199		Next 75,000	\$ 0.29485
Next 165,000	\$	0.29325		Next 165,000	\$ 0.27468
Next 330,000	\$	0.23711		Next 330,000	\$ 0.23711
Over 600,000	\$	0.20854		Over 600,000	\$ 0.20854

Interruptible Sales Service - Rate 204

Monthly Charge				\$	250.00
Rate Per Therm					
	<u>November - March</u>			<u>April - October</u>	
First 15,000	\$	0.46423		First 15,000	\$ 0.38995
Next 15,000	\$	0.39952		Next 15,000	\$ 0.34382
Next 75,000	\$	0.35639		Next 75,000	\$ 0.31925
Next 165,000	\$	0.30925		Next 165,000	\$ 0.29068
Next 330,000	\$	0.25711		Next 330,000	\$ 0.25711
Over 600,000	\$	0.22854		Over 600,000	\$ 0.22854

Large General Transportation Service - Rate 213

Monthly Charge			\$	250.00
Demand Charge (monthly per peak day therm usage)			\$	0.82500
Standby Sales Service Charge (monthly per peak day therm usage)			\$	0.45000
Rate Per Therm				
	<u>November - March</u>		<u>April - October</u>	
First 15,000	\$	0.21923	First 15,000	\$ 0.14495
Next 15,000	\$	0.15352	Next 15,000	\$ 0.09782
Next 75,000	\$	0.10739	Next 75,000	\$ 0.07025
Next 165,000	\$	0.06855	Next 165,000	\$ 0.04998
Next 330,000	\$	0.03011	Next 330,000	\$ 0.03011
Over 600,000	\$	0.00854	Over 600,000	\$ 0.00854

Interruptible Transportation Service - Rate 214

Monthly Charge				\$	250.00
Rate Per Therm					
	<u>November - March</u>			<u>April - October</u>	
First 15,000	\$	0.23423		First 15,000	\$ 0.15995
Next 15,000	\$	0.16352		Next 15,000	\$ 0.10782
Next 75,000	\$	0.12139		Next 75,000	\$ 0.08425
Next 165,000	\$	0.07175		Next 165,000	\$ 0.05318
Next 330,000	\$	0.03411		Next 330,000	\$ 0.03411
Over 600,000	\$	0.00854		Over 600,000	\$ 0.00854

Docket No. 2021-___-G
Order No. 2021-___

Directive Issued:
Effective: March 1, 2021

SOUTH CAROLINA RATES AND CHARGES

Miscellaneous Fees And Charges

Schedule For Limiting And Curtailing Service - Rate 206

Emergency Service Rate Per Therm	\$ 1.00	In addition to commodity prices as defined in Rate Schedule 206, Rate For Emergency Service.
Unauthorized Over Run Penalty Per Therm	\$ 2.50	In addition to commodity prices as defined in Rate Schedule 206, Rate For Emergency Service.

Reconnect Fees

February Through August	\$ 40.00
September Through January	\$ 60.00

Returned Check Charge

Returned Check Charge	\$ 25.00
-----------------------	----------

Governmental Taxes and Fees

Customers shall also pay all applicable taxes, fees and assessments levied by governmental authorities having jurisdiction.

Docket No. 2021-__-G
Order No. 2021-__

Directive Issued:
Effective: March 1, 2021